



Saskatchewan
Agriculture
and Food

**Annual Report –
Saskatchewan Agricultural
Stabilization Fund
2000 - 2001**

**Saskatchewan
Agriculture and Food**

Saskatchewan Agricultural Stabilization Fund

Annual Report 2000 - 2001

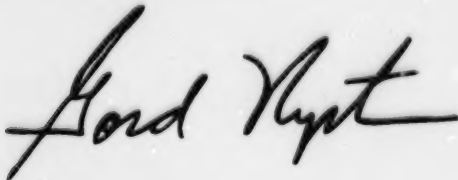
Letter of Transmittal

The Honourable Clay Serby
Deputy Premier
Minister of Agriculture and Food
Minister Responsible for
Rural Revitalization

Sir:

I have the honour to submit the annual report of the Saskatchewan Agricultural Stabilization Fund for the twelve months ending March 31, 2001.

Respectfully submitted,

A handwritten signature in black ink, reading "Gord Nystuen". The signature is written in a cursive, flowing style with a large initial "G" and a long, sweeping underline.

Gord Nystuen
Deputy Minister

The Saskatchewan Agricultural Stabilization Fund

The Fund is established under the *Farm Financial Stability Act*. The purpose of the Fund is to administer those programs established under the Act, which enhance or stabilize the incomes of Saskatchewan farmers or the returns from commodities produced by Saskatchewan farmers. The Fund administers each program that is set up under it by establishing a separate account, which receives funding from the Provincial and Federal Governments and pays out these funds according to the specific program regulations.

The Fund operates the following six accounts which are established by the regulations noted:

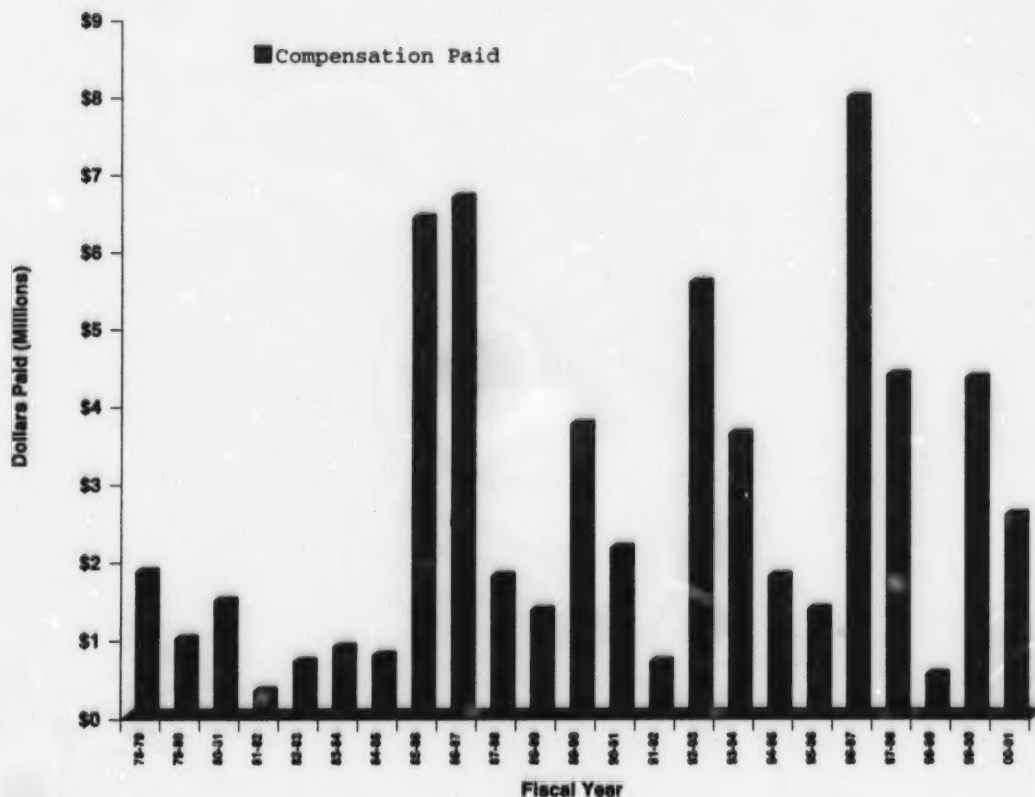
- Waterfowl Damage Compensation Account – *The Waterfowl Damage Compensation Program Regulations*.
- New Crops Insurance Account – *The New Crops Insurance Program Regulations*
- Big Game Damage Compensation Account – *The Big Game Damage Compensation Program Regulations*.
- Agricultural Income Disaster Assistance Account – *The Agricultural Income Disaster Assistance Program Regulations*
- Unseeded Acreage Benefit Account – *The Unseeded Acreage Benefit Program Regulations*
- Canada-Saskatchewan Adjustment Account – *The Canada-Saskatchewan Adjustment Program Regulations*

Waterfowl Damage Compensation Program

The Waterfowl Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation. Producers who suffer severe crop losses from the damage caused by ducks, geese and sandhill cranes can file a claim. Any Saskatchewan producer, with or without a crop insurance contract is eligible to receive compensation for crops damaged by waterfowl.

Compensation covers 85 per cent of the incurred loss. Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a \$200 deductible per crop. Protein adjustments or malting status are not included in determining compensation amounts. There are no costs or premiums paid by the producer.

Historic Waterfowl Damage
Compensation



Annual Waterfowl Damage Compensation Summary

YEAR	Claims	Compensation Paid	\$/Claim
78-79	1,586	\$1,836,587	\$1,158
79-80	908	\$977,476	\$1,077
80-81	1,233	\$1,465,480	\$1,189
81-82	305	\$312,061	\$1,023
82-83	582	\$684,593	\$1,176
83-84	541	\$869,910	\$1,608
84-85	408	\$763,530	\$1,871
85-86	2,544	\$6,389,022	\$2,511
86-87	2,950	\$6,258,769	\$2,257
87-88	1,210	\$1,779,933	\$1,471
88-89	807	\$1,337,903	\$1,658
89-90	1,384	\$3,727,130	\$2,693
90-91	760	\$2,138,380	\$2,814
91-92	392	\$683,391	\$1,743
92-93	2,040	\$5,557,642	\$2,724
93-94	1,560	\$3,603,156	\$2,310
94-95	1,668	\$1,778,556	\$1,066
95-96	709	\$1,352,767	\$1,908
96-97	2,416	\$7,951,921	\$3,291
97-98	1,077	\$4,361,668	\$4,050
98-99	298	\$520,360	\$1,746
99-00	1,600	\$4,322,904	\$2,702
00-01	1,006	\$2,559,440	\$2,544
TOTAL	27,984	\$61,632,579	
Average	1,217	\$2,679,677	\$2,202
5 Year Average	1,279	\$3,943,259	\$3,082

New Crops Insurance Program

In 1997 Saskatchewan created the New Crops Insurance Program under the Saskatchewan Crop Insurance Corporation (SCIC) to expand the list of insurable crops to ones where there was less data available than had historically been required to obtain federal and provincial approval. This allows SCIC to be more proactive in accommodating producers' insurance needs as they diversify their own operations in response to market signals and opportunities. Given some of the additional uncertainty attached to these crops, coverage is limited to 70% and not all features of the traditional insurance program are available for these crops. It is expected that over time these commodities may be moved into the traditional program.

Desi and Kabuli chickpeas, alfalfa seed, coriander and caraway (biennial) were all insurable crops under the 2000 New Crop Insurance program. All new crops are insured for yield loss; chickpeas are insured for both quality and quantity. A producer's production guarantee is determined using the provincial average yield for the new crop.

Premium cost-sharing is the same for new crops as the regular crop insurance program. Producers have the option of selecting coverage levels of 50, 60 or 70 per cent. Spot-loss hail coverage is available on new crops up to 70 per cent. Any indemnities paid for hail damage will be deducted from any yield-loss claims on a selected crop. SCIC outlines recommended agronomic practices regarding seeding dates, seed treatment and crop rotations of crops insured under the New Crops Insurance Program.

The New Crops Insurance Account within the Saskatchewan Agricultural Stabilization Fund is accessed when, in any given year, the indemnities to be paid out by SCIC exceed the premiums collected for New Crops. The resulting shortfall is paid from the Account to SCIC. In addition the Account is to pay to SCIC the costs for reinsurance arrangements for that year. Any surplus in the Account is allowed to carryover to subsequent fiscal years.

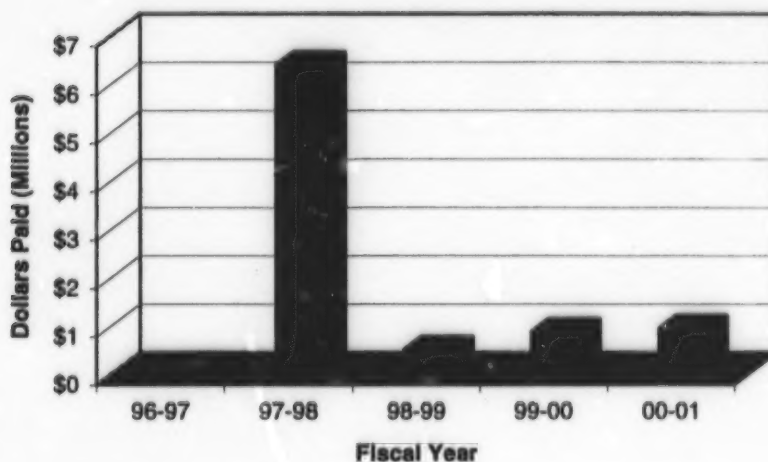
Big Game Damage Compensation Program

The Big Game Damage Compensation Program is administered by the Saskatchewan Crop Insurance Corporation. Producers who suffer severe crop losses from the damage caused by white-tailed deer, mule deer, antelope, elk, moose, or bears, can file a claim. Any Saskatchewan producer, with or without a crop insurance contract is eligible to receive compensation for crops damaged by big game.

Compensation covers 85 per cent of the incurred loss. Payments are based on the grade of the crop at the time of harvest to adequately reflect the value of the damaged crop, subject to a \$200 deductible per crop. Protein adjustments or malting status are not included in determining compensation amounts. There are no costs or premiums paid by the producer.

Historic Big Game Damage Compensation

■ Compensation Paid



Annual Big Game Damage Compensation Summary

YEAR	Claims	Compensation Paid	\$/Claim
96-97	0	\$0	\$0
97-98	1,671	\$6,412,426	\$3,837
98-99	264	\$529,955	\$2,007
99-00	400	\$893,760	\$2,234
00-01	333	\$968,948	\$2,910
TOTAL	2,668	\$8,805,089	
Average	534	\$1,761,018	\$3,300

- * 97-98 includes claims from both 1996 and 1997 crop years.
An early snowfall in 1996 resulted in 1996 claims being paid out in the spring of 1997 when damages were assessed.

Agricultural Income Disaster Assistance

The Agricultural Income Disaster Assistance Program (AIDA) was announced in December of 1998 and provided whole farm income support to producer's 1998 and 1999 tax years. The federal government administered the program from Winnipeg.

The program, designed by the federal government, provides a payment to producers who experience a significant drop in their gross margin. The producer qualifies for a payment if the gross margin for the claim year is less than 70% of the five-year average (the amount of the payment is the amount of the shortfall).

For the 1999 claim year, the AIDA Administration received applications from 25,787 Saskatchewan producers. Fifty-three per cent of claims processed were eligible for payment (compared to 40 per cent of 1998 claims being eligible for payment). Over \$195 million was paid out to approximately 13,000 Saskatchewan producers for the 1999 claim year. This represents an average payment of about \$15,000 per producer.

The Agricultural Income Disaster Account was established within the Saskatchewan Agricultural Stabilization Fund to provide provincial government funding of \$175 million to the two year AIDA program. The AIDA program has become the Canadian Farm Income Program (CFIP), which is in place for the 2000, 2001, and 2002 claim years.

Unseeded Acreage Benefit

Saskatchewan Crop Insurance Corporation (SCIC) provides insurance for crops that fail to establish or for the inability to seed a crop due to excessive spring moisture. An *establishment benefit* is available on crops that fail to adequately establish or suffer significant damage due to insurable causes prior to June 20.

In 1999, continuous heavy spring rains caused flooding throughout southeastern Saskatchewan with an estimated one million acres not being able to be seeded. While crop insurance customers would receive some protection, the federal and provincial governments realized that more assistance would be necessary and that producers without insurance should receive some payments.

As a result, in July 1999, the federal and provincial governments announced funding of \$25 per unseeded acre for flood stricken farmers. Crop insurance customers were provided up to \$50 per unseeded acre while non-crop insurance customers were provided \$25 per unseeded acre. While SCIC administered both programs, crop insurance customers received payments from the Saskatchewan Crop Insurance Corporation, while the non-crop insurance customers received their payments from the Unseeded Acreage Benefit Account of the Saskatchewan Agricultural Stabilization Fund.

Canada-Saskatchewan Adjustment Program (C-SAP)

On February 24, 2000, the federal and provincial governments announced a farm assistance program that provided \$260 million to Saskatchewan producers to assist them in completing the adjustment to the elimination of the transportation subsidies and the pooling of Canadian Wheat Board seaway costs. The federal contribution was \$180 million and the provincial contribution was \$80 million.

The program made payments to 52,112 farmers, with an average total payment of \$4,990 per farmer. Initial payments commenced in April of 2000 based on 6% of eligible sales, to a maximum of \$125,000, in order to assist with seeding costs. A final payment of 1.5269% of eligible sales was issued in August 2000. Payments were targeted to actual farm operators; landlords were ineligible to participate.

The SCIC administered the program. Qualification was based on existing data from Net Income Stabilization Account (NISA). Producers who enrolled in NISA in 1998 (roughly 90 per cent of farmers) simply had to sign and return a declaration confirming the details of their automated application when it arrived in the mail. Payments were based on the greater of a producer's 1998 qualifying sales or a producer's average qualifying sales for the tax years between 1994 to 1998, inclusive. Producers who started farming in 1999 had payments based on their 1999 qualifying sales. Qualifying annual sales were capped at \$125,000 for individuals and up to \$625,000 for corporations, co-operatives or communal organizations.

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Saskatchewan Agricultural Stabilization Fund (Fund) have been prepared by management in accordance with generally accepted accounting principles, using management's best estimates and judgements where appropriate.

The Fund's management is responsible for the reliability and integrity of these financial statements and other information in this Annual Report. Financial information in the Annual Report is consistent with that provided in these financial statements.

In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Fund's external auditor, KPMG LLP, has audited these financial statements and conducted a review of internal accounting policies and procedures to the extent required to enable them to express an opinion on these financial statements.



Laurier Donais
Senior Manager, Financial Systems



KPMG LLP
Chartered Accountants

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2001 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

May 4, 2001



SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position As at March 31

	Waterfowl Account		New Crops Insurance Account		Big Game Damage Account	
	2001	2000	2001	2000	2001	2000
FINANCIAL ASSETS						
Cash	\$ 193,830	\$ 306,943	\$ —	\$ —	\$ 146,868	\$ 902,107
Investments (note 4)	15,200,000	15,100,000	—	—	10,150,000	9,000,000
Due from Province of Saskatchewan - General Revenue Fund (note 3)	2,200,000	1,805,000	28,630,139	27,214,495	1,000,000	820,000
Due from Government of Canada	—	—	—	—	—	—
Accrued interest and other receivables	8,326	9,320	381,126	341,078	2,190	26,910
	<u>\$ 17,602,156</u>	<u>\$ 17,221,263</u>	<u>\$ 29,011,265</u>	<u>\$ 27,555,573</u>	<u>\$ 11,299,058</u>	<u>\$ 10,749,017</u>
LIABILITIES						
Accounts payable and accrued liabilities	7,832	44,239	—	—	24,098	322
Due to the Saskatchewan Crop Insurance Corporation	—	—	4,791,171	112,401	—	—
Due to Province of Saskatchewan	—	—	—	—	—	—
Due to Government of Canada	—	—	—	—	—	—
Deferred revenue	8,199,589	9,479,309	12,057,857	14,943,799	3,429,005	3,913,479
	<u>8,207,421</u>	<u>9,523,548</u>	<u>16,849,028</u>	<u>15,056,200</u>	<u>3,453,103</u>	<u>3,913,801</u>
NET ASSETS	<u>\$ 9,394,735</u>	<u>\$ 7,697,715</u>	<u>\$ 12,162,237</u>	<u>\$ 12,499,373</u>	<u>\$ 7,845,955</u>	<u>\$ 6,835,216</u>

See accompanying notes to financial statements

Agricultural Income Disaster Assistance Account		Unseeded Acreage Benefit Account		Canada-Saskatchewan Adjustment Account		Total	
2001	2000	2001	2000	2001	2000	2001	2000
\$ —	—	\$ 1,688	86,364	\$ 2,310,372	—	\$ 2,652,758	\$ 1,295,414
—	—	—	—	—	—	25,350,000	24,100,000
56,241,902	130,000,000	—	310,662	—	80,000,000	88,072,041	240,150,157
—	—	—	—	—	180,000,000	—	180,000,000
—	—	15,798	6,384	4,059	—	411,492	383,692
<u>\$ 56,241,902</u>	<u>\$ 130,000,000</u>	<u>\$ 17,486</u>	<u>\$ 403,410</u>	<u>\$ 2,314,431</u>	<u>\$ 260,000,000</u>	<u>\$ 116,486,298</u>	<u>\$ 445,929,263</u>
—	—	—	12,297	—	259,600,000	31,930	259,656,858
—	—	—	—	204	400,000	4,791,375	512,401
—	—	6,994	—	—	—	6,994	—
56,241,902	130,000,000	10,492	391,113	—	—	56,252,394	130,391,113
—	—	—	—	—	—	23,686,451	28,336,587
<u>56,241,902</u>	<u>130,000,000</u>	<u>17,486</u>	<u>403,410</u>	<u>204</u>	<u>260,000,000</u>	<u>84,769,144</u>	<u>418,896,959</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,314,227</u>	<u>\$ —</u>	<u>\$ 31,717,154</u>	<u>\$ 27,032,904</u>

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Assets For the Year Ended March 31

	Waterfowl Account		New Crops Insurance Account		Big Game Damage Account	
	2001	2000	2001	2000	2001	2000
Revenue						
Interest income	\$ 776,740	\$ 772,229	\$ 1,568,092	\$ 1,284,487	\$ 495,213	\$ 437,892
Province of Saskatchewan						
- General Revenue Fund grant programs	2,200,000	1,805,000	—	—	1,000,000	820,000
Government of Canada	1,279,720	2,161,452	2,885,942	56,201	484,474	446,880
	<u>4,256,460</u>	<u>4,738,681</u>	<u>4,454,034</u>	<u>1,340,688</u>	<u>1,979,687</u>	<u>1,704,772</u>
Expenses						
Indemnities	2,559,440	4,322,904	3,741,235	112,401	968,948	893,760
Reinsurance Premiums	—	—	1,049,935	—	—	—
Grants to Producers	—	—	—	—	—	—
Transfers to the Government of Canada	—	—	—	—	—	—
Administration	—	—	—	—	—	—
	<u>2,559,440</u>	<u>4,322,904</u>	<u>4,791,170</u>	<u>112,401</u>	<u>968,948</u>	<u>893,760</u>
Excess of revenue over expenses for the year	1,697,020	415,777	(337,136)	1,228,287	1,010,739	811,012
Net Assets, beginning of year	7,697,715	7,281,938	12,499,373	11,271,086	6,835,216	6,024,204
Net Assets, end of year	<u>\$ 9,394,735</u>	<u>\$ 7,697,715</u>	<u>\$ 12,162,237</u>	<u>\$ 12,499,373</u>	<u>\$ 7,845,955</u>	<u>\$ 6,835,216</u>

See accompanying notes to financial statements

Agricultural Income Disaster Assistance Account		Unseeded Acreage Benefit Account		Canada-Saskatchewan Adjustment Account		Total	
2001	2000	2001	2000	2001	2000	2001	2000
\$ —	\$ —	\$ 26,470	\$ 31,420	\$ 2,591,445	\$ —	\$ 5,457,960	\$ 2,526,028
—	35,000,000	12,462	3,510,662	—	80,000,000	3,212,462	121,135,662
—	—	18,693	5,265,993	—	180,000,000	4,668,529	187,930,526
—	35,000,000	57,625	8,808,075	2,591,445	260,000,000	13,339,251	311,592,216
—	—	—	—	—	—	7,269,623	5,329,065
—	—	—	—	—	—	1,049,935	—
—	—	57,625	8,808,075	72,152	259,600,000	129,777	268,408,075
—	105,000,000	—	—	—	—	—	105,000,000
—	—	—	—	205,066	400,000	205,066	400,000
—	105,000,000	57,625	8,808,075	277,218	260,000,000	8,654,401	379,137,140
—	(70,000,000)	—	—	2,314,227	—	4,684,850	(67,544,924)
—	70,000,000	—	—	—	—	27,032,304	94,577,228
\$ —	\$ —	\$ —	\$ —	\$ 2,314,227	\$ —	\$ 31,717,154	\$ 27,032,304

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows For the Year Ended March 31

	Waterfowl Account		New Crops Insurance Account		Big Game Damage Account	
	2001	2000	2001	2000	2001	2000
Cash Flows from operating activities:						
Cash receipts from the Government of Canada	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Cash receipts from the General Revenue Fund	—	—	—	—	—	—
Funds held by the General Revenue Fund	2,200,000	1,805,000	—	—	1,000,000	820,000
Interest received	777,734	820,751	1,528,044	1,261,691	519,933	432,653
Cash paid to the Government of Canada	—	—	—	—	—	—
Cash paid to Saskatchewan Crop Insurance	—	—	—	—	—	—
Cash paid to producers	(2,595,847)	(4,506,986)	(112,400)	—	(945,172)	(896,678)
Net Increase (Decrease) in cash and cash equivalents	381,887	(1,881,235)	1,415,644	1,261,691	574,761	355,975
Cash and cash equivalents at beginning of period	17,211,943	19,093,178	27,214,495	25,952,804	10,722,107	10,366,132
Cash and cash equivalents at end of period	\$ 17,593,830	\$ 17,211,943	\$ 28,630,139	\$ 27,214,495	\$ 11,296,868	\$ 10,722,107
Cash and cash equivalents include:						
Cash	\$ 193,830	\$ 306,943	\$ —	\$ —	\$ 146,868	\$ 902,107
Investments	15,200,000	15,100,000	—	—	10,150,000	9,000,000
Due from the Province of Saskatchewan - General Revenue Fund	2,200,000	1,805,000	28,630,139	27,214,495	1,000,000	820,000
	\$ 17,593,830	\$ 17,211,943	\$ 28,630,139	\$ 27,214,495	\$ 11,296,868	\$ 10,722,107

See accompanying notes to financial statements

Agricultural Income Disaster Assistance Account		Unseeded Acreage Benefit Account		Canada-Saskatchewan Adjustment Account		Total	
2001	2000	2001	2000	2001	2000	2001	2000
\$ —	\$ —	\$ —	\$ 5,657,106	\$ 180,000,000	\$ —	\$ 180,000,000	\$ 5,657,106
—	35,000,000	19,456	3,510,662	—	80,000,000	19,456	118,510,662
—	—	17,056	25,036	2,587,386	—	3,200,000	2,625,000
(73,758,098)	(45,000,000)	(361,928)	—	—	—	5,430,153	2,540,131
—	—	—	—	(604,962)	—	(74,120,026)	(45,000,000)
—	—	—	—	—	—	(604,862)	—
—	—	(69,922)	(8,795,778)	(259,672,152)	—	(263,395,493)	(14,199,442)
(73,758,098)	(10,000,000)	(395,338)	397,026	(77,689,628)	80,000,000	(149,470,772)	70,133,457
130,000,000	140,000,000	397,026	—	80,000,000	—	265,545,571	195,412,114
\$ 56,241,902	\$ 130,000,000	\$ 1,688	\$ 397,026	\$ 2,310,372	\$ 80,000,000	\$ 116,074,799	\$ 265,545,571
\$ —	\$ —	\$ 1,688	\$ 86,364	\$ 2,310,372	\$ —	\$ 2,652,758	\$ 1,295,414
—	—	—	—	—	—	25,350,000	24,100,000
56,241,902	130,000,000	—	310,662	—	80,000,000	88,072,041	240,150,157
\$ 56,241,902	\$ 130,000,000	\$ 1,688	\$ 397,026	\$ 2,310,372	\$ 80,000,000	\$ 116,074,799	\$ 265,545,571

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2001

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund was established under *The Farm Financial Stability Act*.

The following programs have separate accounts within the Fund:

New Crops Insurance Program:

The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops that fall between 100% and 165% of premiums. Private sector reinsurance was purchased for losses between 165% and 275% of premiums. The reinsurance premium was paid by this program.

Big Game Damage Compensation Program:

The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

Waterfowl Damage Compensation Program:

The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program:

The AIDA Program was established in the 1998-99 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by Saskatchewan Agriculture and Food. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative to enhance or stabilize the income of farmers. This initiative, administered by the Federal Government, is to assist producers facing a serious decline in their profit margins for the 1998 and 1999 claim years, due to circumstances beyond their control.

Unseeded Acreage Benefit Program:

The Unseeded Acreage Benefit Program was established in the 1999-2000 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to provide assistance to non-Crop Insurance program participants for the 1999-2000 crop year and were unable to seed on or before June 25, 1999 due to excessive spring moisture conditions.

Canada-Saskatchewan Adjustment Program (CSAP):

The Canada-Saskatchewan Adjustment Program was established in the 1999-2000 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

In the event that these programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Investments:

Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

Cash and Cash Equivalents:

Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.

Revenue Recognition:

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses. The Waterfowl and Big Game Damage Compensation programs are intended to be funded 50% by the Federal Government and 50% by the Provincial Government; CSAP is intended to be funded 70% by the Federal Government and 30% by the Provincial Government and; the New Crops Insurance and Unseeded Acreage Benefit programs are intended to be funded 60% by the Federal Government and 40% by the Provincial Government. Therefore, the amount recognized as revenue from the Federal Government is the appropriate percentage of the program expenses.

The Fund only administers the Provincial portion of the AIDA program and as a result, the Fund does not show any funding from the Federal Government for AIDA.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria, if any, have been met.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimated.

Saskatchewan Agricultural Stabilization Fund

Notes to the Financial Statements

As at March 31, 2001

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty-day borrowing rate was 5.59% (2000 - 4.79%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA Account funds are deposited in the General Revenue Fund. Interest is not paid on this account.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Investments

The Fund's investments are:

Maturity	Interest Rate (%)	Waterfowl Account	Big Game Account
April 30, 2001	3.85	\$ 250,000	\$ 250,000
May 18, 2001	4.00	<u>14,930,000</u>	<u>9,900,000</u>
		<u>\$15,200,000</u>	<u>\$10,150,000</u>

5. Planned results

	Budget 2000-01 (\$000)	Actual 2000-01 (\$000)	Actual 1999-00 (\$000)
Revenue			
New Crops Insurance	2,130	4,454	1,341
Big Game Damage Compensation	2,450	1,980	1,705
Waterfowl Crop Damage Compensation	5,150	4,256	4,739
Agricultural Income Disaster Assistance	—	—	35,000
Unseeded Acreage Benefit	—	58	8,808
Canada-Saskatchewan Adjustment	—	2,591	260,000
Expenses			
New Crops Insurance	—	4,791	112
Big Game Damage Compensation	2,000	969	894
Waterfowl Crop Damage Compensation	4,400	2,559	4,323
Agricultural Income Disaster Assistance	—	—	105,000
Unseeded Acreage Benefit	—	58	8,808
Canada-Saskatchewan Adjustment	—	277	260,000

6. Fair value of financial assets and financial liabilities

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short-term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Due from the Government of Canada
- Accrued interest and other receivables
- Accounts payable and accrued liabilities
- Due to Saskatchewan Crop Insurance Corporation
- Due to Province of Saskatchewan
- Due to Government of Canada

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Waterfowl, New Crops Insurance, Big Game Damage, Unseeded Acreage Benefit and Canada-Saskatchewan Adjustment accounts. The Fund was charged administration fees by Saskatchewan Crop Insurance Corporation for the Canada-Saskatchewan Adjustment Account.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.